


BOARD MEETING DATE: July 11, 2014

AGENDA NO. 4

PROPOSAL: Recognize Revenue from Participating Members of California Natural Gas Vehicle Partnership and Approve Expenditures for Activities and Projects during FYs 2014-15 and 2015-16 

SYNOPSIS: The SCAQMD Board established the California Natural Gas Vehicle Partnership (CNGVP) to promote greater deployment of natural gas vehicles in California. The participating members pay two-year membership fees to fund program administration and activities and projects to achieve the goals of the CNGVP. This action is to recognize revenue from participating and future CNGVP members; transfer \$25,000 from the Clean Fuels Fund (31) into the Natural Gas Vehicle Partnership Fund (40) for SCAQMD's two-year membership for FYs 2014-15 and 2015-16; approve the FYs 2014-15 and 2015-16 CNGVP budget; amend the contract for CNGVP website maintenance; and authorize the Executive Officer to approve individual expenditures, as selected by the CNGVP for FYs 2014-15 and 2015-16, up to \$75,000 but not to exceed \$225,000 for each fiscal year.

COMMITTEE: Technology, June 20, 2014; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize, upon receipt, up to \$120,000 in funding over a two-year period from participating members of the CNGVP into the Natural Gas Vehicle Partnership Fund (40);
2. Authorize the transfer of \$25,000 from the Clean Fuels Fund (31) to the Natural Gas Vehicle Partnership Fund (40) as SCAQMD's contribution for the two-year membership for FYs 2014-15 and 2015-16;
3. Approve the CNGVP budget for FYs 2014-15 and 2015-16 as provided in Table 3;
4. Amend contract with Gladstein, Neandross & Associates (GNA) for CNGVP website maintenance to extend the performance period through June 30, 2016, and add \$60,000 from the Natural Gas Vehicle Partnership Fund (40); and
5. Authorize the Executive Officer to approve expenditures from the Natural Gas Vehicle Partnership Fund (40) for activities and projects selected by the CNGVP

designed to meet partnership goals, as described in this letter and Table 4, for FYs 2014-15 and 2015-16 in budgeted amounts up to \$75,000 for individual expenditures but not to exceed \$225,000 for each fiscal year, contingent upon availability of funds.

Barry R. Wallerstein, D.Env.
Executive Officer

CSL:HH:DKS

Background

On February 1, 2002, the Board approved the creation of the CNGVP to accelerate development of advanced natural gas vehicle technologies, establish a benchmark for lowering emissions from petroleum-based engines and provide a pathway for fuel cell use in the future.

Under this initiative, the SCAQMD spearheaded the formation of the CNGVP (comprising state and federal air quality, transportation and energy agencies, together with vehicle and engine manufacturers, fuel providers, transit organizations and refuse haulers) to facilitate the advancement of natural gas vehicle technology and deployment. The Partnership's Steering Committee meets on a periodic basis with high-level representation from each participating member.

Over the past two years, the CNGVP sponsored or participated in the following activities:

1. CNGVP members participated in the National Petroleum Council (NPC) Future Transportation Fuels Study. On August 1, 2012, the NPC released its report, "Advancing Technology for America's Transportation Future," which indicated an increasing deployment of advanced technology vehicles, including natural gas and hydrogen vehicles.
2. Cosponsorship of the SCAQMD "A World We Can Change" High School Conference & Expo in March 2013 and the ACT Expo in May 2014.

At the end of 2013, The Kroger Company joined the CNGVP. The Kroger Company has been deploying natural gas vehicles in their fleet and plans to expand their deployment of natural gas vehicles and infrastructure development over the next several years.

Proposal

This action is to recognize revenue from participating and future CNGVP members; transfer funds from the Clean Fuels Fund (31) into the Natural Gas Vehicle Partnership Fund (40) for SCAQMD’s two-year membership for FYs 2014-15 and 2015-16; approve the FYs 2014-15 and 2015-16 CNGVP budget; amend the contract for CNGVP website maintenance; and authorize the Executive Officer to approve individual expenditures, as selected by the CNGVP for FYs 2014-15 and 2015-16.

The CNGVP Steering Committee currently comprises ten members (as shown in Table 1). In addition, Table 2 lists the 13 Associate Members consisting of public agencies, school districts and environmental organizations.

Table 1. CNGVP Steering Committee Membership

California Air Resources Board Clean Energy Sempra Energy Utilities South Coast Air Quality Management District U.S. Department of Energy Westport Innovations Inc. Waste Management, Inc. CR&R Inc. Agility Fuel Systems The Kroger Company

Table 2. CNGVP Associate Membership

California Energy Commission City of Los Angeles Coalition for Clean Air Colton Unified School District Foothill Transit Los Angeles Metropolitan Transportation Authority Natural Resources Defense Council Orange County Transportation Authority San Joaquin Valley Air Pollution Control District SunLine Transit Agency Union of Concerned Scientists U.S. Environmental Protection Agency University of California Davis
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Each of the private sector Steering Committee members contributes a two-year membership fee of \$25,000 (or \$10,000, if the entity is an end-user who desires to be on

the Steering Committee) to fund specific projects to achieve the goals of the CNGVP. The SCAQMD Board previously created a special revenue fund called the Natural Gas Vehicle Partnership Fund (40) to receive membership fees and has been contributing the two-year membership fee of \$25,000 since its inception.

In March 2013, the SCAQMD Board approved the CNGVP's FYs 2012-13 and 2013-14 Budget. Table 3 shows the expenditure to date since the budget was approved.

Table 3. CNGVP Expenditures

CALIFORNIA NGV PARTNERSHIP STEERING COMMITTEE	
Available Funds (as of March 2013)	\$360,257
Total Fund Balance	
Expenditures (March 2013 – May 2014)	(\$30,865)
Website Maintenance (Gladstein, Neandross, & Assoc. – C12308)	(\$37,500)
Total Expenditures to Date	(\$68,365)
De-Obligation of Contract C12029	\$32,640
Interest Earned (March 2013 – May 2014)	\$2,103
Membership Dues Received	\$77,500
Available Balance for FYs 2014-15 and 2015-16	\$404,135

The CNGVP Steering Committee two-year memberships are currently up for renewal. If all current members renew their memberships, the Natural Gas Vehicle Partnership Fund (40) would be replenished with revenues totaling \$120,000 over the next two years. The proposed budget for FYs 2014-15 (July 1, 2014 to June 30, 2015) and 2015-16 (July 1, 2015 to June 30, 2016) is outlined in Table 4.

Table 4. FYs 2014-15 and 2015-16 Proposed Budget

CALIFORNIA NGV PARTNERSHIP STEERING COMMITTEE	
Available Funds for FYs 2014-15 and 2015-16	\$404,135
Anticipated Membership Dues	\$120,000
Expenditures (Anticipated)	
Special Consultation and Activity Coordination	(\$100,000)
Website Contract (July 1, 2014 through June 30, 2016)	(60,000)
Conference/Exhibition Sponsorships	(65,000)
Facility and Meeting Support	(3,200)
Total Anticipated Expenditures for FYs 2014-15 and 2015-16	(\$228,200)
Estimated Fund Balance	\$295,935

For the upcoming FYs 2014-15 and 2015-16, the CNGVP membership will be directing their efforts to further the commercialization of natural gas engine platforms that have significantly lower emissions than the current 2010 on-road emission standards. The CNGVP will also continue efforts to enhance the refueling infrastructure in California with an emphasis on greater use of renewable natural gas.

Furthermore, the CNGVP plans to continue cosponsoring relevant conferences, identifying projects and studies to further the deployment of next-generation natural gas engines and advancing the use of renewable natural gas. In addition, at its May 6, 2014 meeting, the CNGVP Steering Committee approved amending the contract with GNA for CNGVP website maintenance to extend the performance period through June 30, 2016, at a cost not to exceed \$60,000 based upon the current rate of \$2,500/month from the Natural Gas Vehicle Partnership Fund (Fund 40).

The proposed budget in Table 4 reflects the actions taken by the Steering Committee as discussed above. If there is a need to modify the budget by the Partnership's Steering Committee during FYs 2014-15 or 2015-16, the Executive Officer will report back to the Board to seek approval to modify the budget.

Benefits to SCAQMD

The implementation of this initiative has brought public and private stakeholders together to assist in the development and deployment of advanced natural gas vehicles and refueling infrastructure expansion. The Partnership will continue its leadership role to work with OEMs, government and the public towards the advancement of natural gas

vehicles in the marketplace to further address criteria pollutant emissions as well as greenhouse gases and energy needs. This will, in turn, increase the natural gas role as a low-emission displacement or augmentation to petroleum fuel where economically feasible. These activities are included in the *Technology Advancement Office Clean Fuels Program 2014 Plan Update* under “Infrastructure and Deployment (NG)” and “Assessment and Technical Support of Advanced Technologies and Information Dissemination.”

Resource Impact

The current fund balance totaling \$404,135 plus anticipated membership fees over the next two years in the amount of \$120,000 are sufficient to cover anticipated CNGVP expenditures, projected at \$228,200 for FYs 2014-15 and 2015-16. The source of funds is from the CNGVP’s membership dues over the two-year period. In addition, the SCAQMD’s two-year membership for FYs 2015-15 and 2015-16 will not exceed \$25,000 from the Clean Fuels Fund (31). There are sufficient funds in the Clean Fuels Fund (31) for this membership fee. The Clean Fuels Program Fund (31) was established as a special revenue fund resulting from the state-mandated Clean Fuels Program. The Clean Fuels Program, under Health and Safety Code Sections 40448.5 and 40512 and Vehicle Code Section 9250.11, establishes the mechanism to collect revenues from mobile sources to support projects to increase the utilization of clean fuels, including the development of the necessary advanced enabling technologies. Funds collected from motor vehicles are restricted, by statute, to be used for projects and program activities related to mobile sources that support the objectives of the Clean Fuels Program. There are no other fiscal impacts associated with these recommended actions.